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17 MAY 1974

MEMORANDUM FOR: Director of Personnel

SUBJECT: Budget Related Personnel Issues

1. In developing the Agency's FY 1976 Program Plan we have identified several personnel issues which impact either directly or indirectly on the budget process and these need to be considered before we can prepare our budget for 1976. These issues are:

a. The Single Ceiling

The single ceiling concept which we hope to implement fully for FY 1976 requires changes in the present system of recording, controlling, and monitoring both positions and personnel. We believe we should establish an integrated and flexible means of dealing with both staff and contract personnel in a system which best serves the purposes of Agency management. A mechanism should be developed to produce a consolidated report of both staff and contract positions and personnel beginning with July 1974. The Position Control Register should be expanded to include positions for what is now our contract ceiling, and contract personnel, should be included in a manner similar to staff personnel.

b. Average Grade Escalation

Increased pressures from OMB to avoid average grade escalation indicate the need to increase attention to and control of component average grades and upper-level ceilings. The importance of more strict monitoring of average grades assumes increased significance in the face of our FY 1975 ceiling reduction. Although efforts have been made to effect

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earlier ceiling reductions within then existing average grades, historically these have been less than completely successful. Unless more positive action is taken in connection with the required FY 1975 adjustments, there is no reason to believe that the coming efforts will be more successful. This suggests the need to prescribe strict guidelines for our FY 1975 position changes. The present contract personnel average grade, which is somewhat lower than our staff position average grade, may offer some flexibility in offsetting the upward grade pressures associated with ceiling reductions as we move toward a single (combined staff and contract) ceiling control.

c. Personnel Reports

Our personnel reporting system should be reexamined to ensure that it is responsive not only to internal management needs but also to anticipated external (i.e., OMB) requirements. Our system should be capable of providing consistent data which can be used interchangeably for personnel as well as for budget purposes so as to minimize problems of reconciliation. This is an important issue in view of OMB's interest in the personnel data we report, the source of such information, and its relationship to our budget presentation. Data which must be reconciled casts doubt on our veracity and the integrity of our reporting system. An illustrative example of an area which might be examined in this context is the Development Complement. Where a ceiling is assigned to a Development Complement, a representative grade structure of flexible positions should be established. In most cases, this would equate positions with ceiling and would facilitate use of grade data for budget purposes without manual adjustments.

d. Revised 1975 Ceilings

Now that the Director has approved the recommendations of the ADD Group, early action should be taken to identify position changes required to adjust FY 1974 Staffing Complements to the FY 1975 ceilings. We believe we should have all of the necessary

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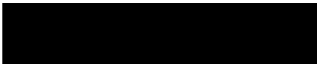
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work out of the way prior to 1 July 1974 in order that the first personnel report for FY 1975 will reflect then current data. If we wait for the Directorates to take the initiative, the required changes may not be submitted to the Office of Personnel in sufficient time for necessary processing prior to 1 July 1974. A formal request for such information, in implementation of recommendation b. of the ADD Group's report, appears in order.

e. Supergrade Ceiling

You are familiar with the difficulties we have had in dealing with Jim Oliver, our OMB analyst, on the supergrade issue. The DCI has supported fully our joint efforts to justify our current allocations to OMB and in fact has indicated that he has no reluctance to seek an increase if it can be justified. It is not unlikely that OMB, however, may seek to reduce our SG ceiling. It may be that retaining (or establishing new) SG positions, within our approved employment ceiling but in excess of our OMB-imposed SG ceiling, would provide essential managerial flexibility not available under our present system, and we may find it appropriate to propose to the DCI that he rescind his December 1972 instruction that SG authorizations and ceiling conform. This is an issue which merits study, pending completion of PMCD's SG survey and our subsequent rejustification of the total Agency SG base to OMB.

2. The foregoing are five of the areas on which I believe early attention must be focused to determine what new systems and/or procedural modifications are necessary to meet current needs. I suggest we schedule an early meeting at which we and those on our staffs most closely involved in these matters may confer on the best way to proceed. Perhaps we could meet during the last week of May or the first week of June for this purpose.


JOHN D. IAMS
Comptroller

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